

Illinois Credit Union League

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VIA Electronic Mail

ATTN: Ms. Jennifer J. Johnson
Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., N.W.,
Washington, D.C. 20551

e-mail: regs.comments@federalreserve.gov

Re: Docket Number R-1210; Regulation E: Proposed Rule and Commentary Changes

We are pleased to respond on behalf of our member credit unions to the Federal Reserve Board's proposed revisions to Regulation E and the official staff commentary. With ECK transactions becoming so prevalent among merchants, this is a timely issue for our credit unions, as many credit unions are receiving calls from their members questioning this process. The Illinois Credit Union League represents over 400 federal and state chartered credit unions.

The Illinois Credit Union League generally agrees with the proposed revisions to Regulation E, which would provide additional guidance concerning the rights, liabilities, and responsibilities of the parties involved in ECK transactions. The clarification would require financial institutions to include ECK transactions as an additional Electronic Fund Transfer service offered in the EFT disclosure provided at account opening. Including ECK transactions in the disclosure will benefit credit unions and their members by eliminating the uncertainty of Regulation E coverage.

We also support the Board's view that all parties involved in ECK transactions should be subject to Regulation E for the sole purpose of obtaining authorization from the consumer, be it written authorization or implied authorization by clear and conspicuous signs at the counter or clear and conspicuous messages in the billing statement, provided the consumer proceeds with the transaction. Additionally, we support the proposed comment providing additional guidance on an ECK transaction involving multiple checks for the same bill or invoice. Once the consumer receives notice that the check will be converted to electronic form (ECK), the obligation of the merchant or payee has been

met. Using three checks to pay one bill should not increase the disclosure responsibility of the merchant/payee three times. That would be a redundant and inefficient practice.

One final issue concerns consumer authorization. We are in support of the Board's decision to withdraw from the commentary, the comment that tape recording a telephone conversation, in which the member is authorizing a transaction, does not constitute written authorization. (§205.10(b)(3)). Financial institutions currently allow stop payments over the telephone and through the internet, merchant payments over the internet and various other non in-person transactions. Clearly, to utilize advancements in technology, and to offer a consistent method of authorizing transactions, comment 10(b)(3) should be removed.

We thank you for the opportunity to comment on the proposed revisions to Regulation E and the official staff commentary. Please contact me at 800-942-7124 ext.4263 with any questions concerning the above comments.

Very truly yours,

ILLINOIS CREDIT UNION LEAGUE

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